

REG-8-004 BONDING REQUIREMENTS

004.01 In addition to the registration requirements discussed in Reg-8-003, each nonresident contractor is required to execute and file a bond or alternative security with the Department of Revenue on himself and on each contract which the contractor may perform within this state.

004.02 The amount of the contractor bond or alternative security required to be supplied shall be three percent of the total consideration of all contracts to be performed. In no case shall the required bond be less than one thousand dollars.

004.03

004.03A The amount of the contract bond or alternative security required to be supplied is also based on a percentage of the total consideration of the contract. This amount shall be ten percent of the contract price up to the first one hundred thousand dollars (\$100,000), plus five percent of the contract price in excess of one hundred thousand dollars (\$100,000) computed to the next higher one thousand dollars (\$1,000). Contracts of ten thousand dollars (\$10,000) or less require a bond of one thousand dollars (\$1,000). Example:

Total Consideration \$950,000

10% of \$100,000 \$10,000

5% of \$850,000 \$43,000

Amount of Contract Bond \$53,000

004.03B The work to be performed by resident or bonded nonresident subcontractors need not be included in determining the total consideration of the contract if the nonresident prime or general contractor supplies the Department of Revenue with sufficient information indicating that these subcontractors are not subject to the provisions of this act. Such information may include, but is not limited to the following:

004.03B(1) The name, address, and amount of work to be performed by each resident or nonresident subcontractor,

004.03B(2) Sufficient evidence showing that the nonresident subcontractor has supplied the Department of Revenue with a satisfactory bond or alternative security.

004.04 The requirement that a bond or alternative security be supplied for each individual contract may be waived if the nonresident contractor obtains the prior approval of the Department of Revenue that a blanket bond or alternative security be issued for all contracts to be performed within a particular period of time. In such case, the Department of Revenue will determine the total amount of the bond or alternative security required to be supplied based on the total consideration of all contracts to be performed.

004.05 If the Department of Revenue determines that the required bond is insufficient to cover the tax liabilities involved, it shall require the bond to be increased in such amount as it may deem necessary.

004.06 An exception to the requirement of filing a contract bond with the Department of Revenue for all contracts to be performed exists when a nonresident contractor is awarded a construction contract by the Nebraska Department of Roads or the University of Nebraska. In such cases, a contract bond amounting to one hundred percent (100%) of the contract price and including all taxes and contributions due under the employment security law is required to be furnished directly to these organizations.

However, a copy of such bond must be submitted to the Department of Revenue and the registration and bonding requirements discussed in Reg-8-003 and Reg-8-004.02 must still be met.

004.07 The alternative security which may be supplied in lieu of a bond shall include, but is not limited to the following:

004.07A Certificates of deposit or certified checks issued by a bank doing business in the state and insured by the Federal Deposit Insurance Corporation in amounts not exceeding the federally insured amount and in the total amount specified by the Department of Revenue,

004.07B Investment certificates or share accounts issued by a savings and loan association doing business in this state and insured by the Federal Savings and Loan Insurance Corporation, in the amounts not exceeding the federally insured amount and in the total amount specified by the Department of Revenue.

(Sections 52-118, 77-3104, and 77-3105, R.R.S. 1943. September 15, 1975.)